



STATE OF DELAWARE


**PUBLIC SERVICE COMMISSION**  
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**MEMORANDUM**

**TO:** The Chairman and Members of the Commission

**FROM:** Lisa B. Driggins, Public Utilities Analyst 

**DATE:** November 15, 2018

**SUBJECT:** IN THE MATTER OF THE APPLICATION OF GRANT STATION, INC., MOORE & GRANT SANITATION MANAGEMENT, INC., AND DIAMOND STATE SUSTAINABILITY CORPORATION FOR APPROVAL OF A REAL ESTATE AND ASSET PURCHASE AND SALE AGREEMENT FOR THE GRANTS WAY WASTEWATER SYSTEM PURSUANT TO 26 DEL. C. §215.  
(FILED NOVEMBER 1, 2018) - DOCKET- NO. 18-1167

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**Application:**

On November 1, 2018, Grant Station, Inc. ("Grant Station"), Moore & Grant Sanitation Management, Inc. ("Moore & Grant", together with Grant Station, "Owners") and Diamond State Sustainability Corporation ("Diamond State" or "DSSC", together with Owners, "Applicants") filed an application (the "Application") seeking approval by the Delaware Public Service Commission ("Commission") to participate in a transaction whereby DSSC will acquire from Owners assets and regulatory authorizations along with the rights to provide wastewater service to all Owner's existing customers.

At Staff's request, the Applicants submitted the following additional documentation: (1) Grant's Way Homeowner parcel list; (2) Executed memorandum of understanding between Grant's Station, Moore and Grant and Grant's Way Homeowners Association; (3) HOA Consent to the sale and transfer of the wastewater system; (4) Grant's Way Homeowners Association Annual meeting agenda of April 8, 2017; and (5) evidence that Diamond State had mailed to all the landowners of record in the Proposed Service Area a notice regarding the Application

**Applicants:**

Grant Station, Inc.

Grant Station is the fee simple title holder of certain lands situate near Milton in Sussex County, Delaware, such lands being described on a plat entitled "Record Plat of Grant's Way" and recorded among the Plat Records of Sussex County and the State of Delaware, in Plat Book 57, Page 160 (the "Plan") which includes a parcel known as "Grant's Way Waste System Area", Sussex County tax map parcel number 2-35-8.00-171.00. Within the Waste System Area and elsewhere within the Plan, is a community on-site wastewater treatment and disposal system ("the Wastewater System") which provides wastewater service to the rural, 80-lot residential community in Sussex County known as Grants Way ("the Community") governed internally by the Grant's Way Homeowners Association. The Wastewater System is owned by Grant Station, but is operated and maintained by Moore & Grant.

#### Moore & Grant Sanitation Management, Inc.

Moore & Grant is a Delaware corporation providing wastewater service to the Community pursuant to rates last established by the Commission in Order No. 6822, dated January 24, 2006, in Docket No. 04-489WW. Moore & Grant is the holder of a CPCN issued by the Commission and a permit issued by the Delaware Department of Natural Resources and Environmental Control ("Permit") authorizing Moore & Grant to provide wastewater treatment services to the residents of the Community. Grant Station and Moore & Grant are no longer in a position to continue the operation of the Wastewater System.

#### Diamond State Sustainability Corporation

Diamond State is a Delaware Corporation providing wastewater service to customers pursuant to rates set on January 16, 2018, in PSC Docket No. 17-0414, Order No. 9163. In addition, DSSC is a Delaware non-stock, not-for-profit corporation, organized, in part, for the purpose of providing wastewater services to rural Delaware communities. Diamond State is dedicated to sustaining natural resources and environmental infrastructure within the State of Delaware. Diamond State's primary role is to provide affordable water and wastewater utility services to low income and under-resourced communities, primarily, although not exclusively, in rural portions of Kent and Sussex Counties. Diamond State also intends to engage in the redevelopment of brownfield or other polluted properties, develop renewable energy resources, and engage in other environmentally sustainable ventures. Diamond State's goal is not to compete with services provided by private companies, local municipal and county governments, and state regulatory authorities, but rather to provide services where these institutions are unavailable or unwilling to do so. In furtherance of its mission, Diamond State will take possession and ownership of rural community wastewater systems, particularly, but not necessarily, those that are failing and/or in need of repair, and upgrade and manage these systems for and on behalf of these communities. Diamond State will charge fees to community members in order to defray its costs, however, no part of the earnings of Diamond State will inure to any private individual or entity.

Diamond State is a responsible management entity as defined by the USEPA for onsite and clustered wastewater management systems.

Diamond State was determined to be tax exempt under section 501(c)(3) of the Internal Revenue Code on August 25, 2017, and has received over \$40,000.00 in funding to date from the Delaware Community Foundation and USDA Rural Development.

**Transaction:**

Pursuant to a Real Estate and Asset Purchase Agreement and Sale Agreement (“Asset Purchase Agreement”) dated September 11, 2018, have agreed to transfer all of the assets of Owners (including the aforesaid CPCN) as more particularly described in Section 16(a) through (d) of the Asset Purchase Agreement (the "Acquired Assets") (“the “Transaction”). The Acquired Assets, among other things, include the Grant's Way Waste System Area, the Wastewater System and associated licenses and permits relating to the operation of the waste water utility.

**Public Interest:**

The Applicants asserts that the public interest will be served and that the agreement is in accordance with the law and is for a proper purpose. According to the Applicants, there will be no change in the services offered to Owner’s customers. In addition, landowners of record of each parcel included in the Proposed Service area were notified. Finally, the Transaction will be transparent to customers and will not disrupt service or cause customer confusion or inconvenience. Staff believes this acquisition is in the public interest.

**Staff’s Recommendation:**

Applications seeking an asset transfer approval come under the provisions of 26 *Del. C.* §215 because the companies are public utilities. In addition, the Applicants have represented that the transaction is in accordance with law, for a proper purpose, and is consistent with the public interest. Staff will also acquire verification from the Applicant that the proposed Transaction has been completed.